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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

KRISTIN K. MAYES - CHAIRMAN

GARY PIERCE

PAUL NEWMAN

SANDRA D. KENNEDY

BOB STUMP

2009 JUL 10 P 3: 59

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. G-04204A-08-0571
 UNS GAS, INC. FOR THE ESTABLISHMENT)
 OF JUST AND REASONABLE RATES AND)
 CHARGES DESIGNED TO REALIZE A)
 REASONABLE RATE OF RETURN ON THE) **NOTICE OF ERRATA**
 FAIR VALUE OF THE PROPERTIES OF UNS)
 GAS, INC. DEVOTED TO ITS OPERATIONS)
 THROUGHOUT THE STATE OF ARIZONA.)

UNS Gas, Inc., through undersigned counsel, hereby files a Notice of Errata regarding the July 8, 2009, Rebuttal Testimony of Mr. Dallas Dukes. On page 9, line 9, of Mr. Dukes' Rebuttal Testimony, the number referenced should be \$16 million, not \$22.2 million; thus, the sentence should read: "In fact, if the present RCND study was done in this case consistent with the prior case, the Company would have presented an RCND value of approximately \$16 million greater than the one filed in my Direct Testimony." The revised page 9 is attached hereto for reference.

RESPECTFULLY SUBMITTED this 10th day of July 2009.

UNS Gas, Inc.

By Michelle Livengood
 Philip J. Dion, Jr.
 Michelle Livengood
 UniSource Energy Services
 One South Church Avenue
 Tucson, Arizona 85701

Arizona Corporation Commission
DOCKETED

and

DOCKETED BY

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Attorneys for UNS Gas, Inc.

1 Original and 13 copies of the foregoing
2 filed this 10th day of July, 2009, with:
3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
5 Copy of the foregoing hand-delivered/mailed
6 this 10th day of July, 2009, to:
7 Chairman Kristen K. Mayes
8 Arizona Corporation Commission
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Phoenix, Arizona 85007
9 Commissioner Gary Pierce
10 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
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18
19 By Mary Appolito
20
21
22
23
24
25
26
27

1 **D. Reconstruction Cost New Depreciated ("RCND").**

2
3 **Q. Do you have any comments on the RCND study discussions by Staff and RUCO?**

4 A. Staff recommends the use of the Company's RCND study as submitted. Dr. Fish
5 incorrectly implies in his Direct Testimony (at page 13, lines 1-11) that the Company took
6 an extremely conservative approach in deriving its RCND study in the last rate case to keep
7 the value of the RCND down. In fact, if the present RCND study was done in this case
8 consistent with the prior case, the Company would have presented an RCND value of
9 approximately \$16 million greater than the one filed in my Direct Testimony. Therefore,
10 the Company took a more conservative approach in this filing when compared to the
11 previous filing.

12
13 RUCO did not object to the Company's RCND study, but did object to the Company's
14 RCND value calculated for the adjustment "Post Test Year Non Revenue Plant in Service".
15 The Company agrees with RUCO on that point and has revised its RCND calculation to
16 reflect it.

17
18 **III. REBUTTAL TO OPERATING INCOME ADJUSTMENTS.**

19
20 **A. Payroll and Payroll Tax Expense.**

21
22 **Q. Did Staff or RUCO object to the Company's payroll adjustments?**

23 A. Staff did not object to the Company's payroll adjustments in their Direct Testimony.
24 RUCO proposed the exclusion of a portion of the Company's payroll adjustment. Mr.
25 Smith (at page 56) took exception to the Company increasing test year annualized payroll
26 for the wage increase that will take effect January 2010.